

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board/~~President/Management of Directors~~

_____(Provider's Name)

_____(City/State/Zip Code)

We have performed the procedures enumerated below based upon the requirements outlined in the Department of Disabilities and Special Needs (DDSN) Provider Audit Policy (~~DDSN Directive 275-04-DD: Procedures for Implementation of DDSN Provider Audit Policy for DSN Boards~~) for the ~~State~~ fiscal year ended June 30, _____ related to ~~tests of controls and procedures for Medicaid billings. and/or the DSN Board's management of Consumers' Personal Funds for compliance with DDSN Directive 200-12-DD: Management of Funds for People Participating in Community Residential Programs, which~~ We have also performed the procedures enumerated in the compliance section below solely to assist the specified parties in evaluating the _____ (DSN Board's name) in compliance with applicable DDSN Contracts and Directives. These procedures were agreed to by the management of _____ (DSN Board's name) for the year ended _____ (DSN Board's year-end). _____'s (DSN Board's name) management is responsible for establishing policies and procedures, and for the maintenance of records and supporting documentation. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of our testing are as follows:

Medicaid Billing

1. We obtained an understanding of the Medicaid billing process and controls over Medicaid billable services through discussions with management and consultations with program staff. In documenting our understanding, we also learned that the DSN Board served a total of _____ consumers (**unduplicated**) for whom Medicaid services were billed for the period tested.
2. We selected a sample of _____ consumers from the total number of consumers for which the DSN Board is receiving payments for Medicaid billable services. **We ensured that our sample represented Medicaid billings from all programs. The programs covered and number of consumers selected for our procedures are identified below:**

#	Program/Service	#	Program/Service
	ICF/ID		Supported Employment
	CRCF		Board Billed Waiver Services
	CTH-II		Direct Billed Waiver Services
	CTH-I/Specialized Family Homes		PCA Under 21
	SLP-II/SLP-III		LPN/RN Direct Billed Services
	SLP-I		Other (Specify)
	CIRS (Cloud)		Other (Specify)
	Adult Day Program		Other (Specify)

3. For the consumers selected, we tested Medicaid billings for *the period of* _____ *month(s)* to determine the following:

- a. *Determined that* documentation *is was* on file to support the billings. In addition, we performed tests to determine that the supporting documentation provides reasonable assurance that the billings are supported by complete and accurate information.

Results/Finding:

- b. ~~*Services are being provided to the consumers as indicated in the documentation on file. For the consumers selected for testing, the Auditor should be present and have the supervisor make contact (face-to-face or phone call) with the consumer and/or family member and inquire if the services were provided as indicated in the service notes. Gained an understanding of the monitorship procedures (review of service notes, phone contacts with family members and/or employers, visits to family members' homes and/or consumers' job sites, etc.) established by the DSN Board to monitor each program. We tested that monitorship is being provided and documented by supervisory staff on an on-going basis so as to provide reasonable assurance to the DSN Board that the billable services are being provided to the consumers and/or families as indicated by the documentation on file.*~~

~~*Results/Finding:*~~

- ~~*C. Monitorship is being provided by supervisory staff, as evidenced by their signature or initials and date of review, on an on-going basis so as to provide reasonable assurance to the DSN Board that the billable services are being provided to the consumers and/or families as indicated by the documentation on file.*~~

~~*Results/Finding:*~~

Compliance Section

1. Consumers' Personal Funds *and property*

We gained an understanding of the controls over consumers' personal funds *and personal property* managed by DSN Board staff through our discussions and inquiries with management. In order to gain a more accurate understanding of the nature and treatment of consumers' personal funds *and personal property*, we consulted with the residential program staff since these employees are directly responsible for compliance with DDSN Directive 200-12-DD: Management of Funds for People Participating in Community Residential Programs *and 604-01-DD: Individual Clothing and Personal Property*.

We selected a sample of _____ consumers from the total number of consumers for which the DSN Board is managing personal funds and personal property. The programs covered and number of consumers selected for our procedures are identified below:

#	Program/Service	#	Program/Service
	ICF/ID		SLP-II
	CRCF		CIRS (Cloud)
	CTH-II		Other (Specify)
	CTH-I/Specialized Family Homes		Other (Specify)
	SLP-II/SLP-III		Other (Specify)

~~In documenting our understanding, we learned that the DSN Board manages personal funds for a total of _____ consumers. From this total, we selected a sample of _____ consumers and reviewed their account activity for _____ month(s) to determine the following:~~

~~A. Each member of the DSN Board staff having access to consumers' personal funds is bonded.~~

~~Results/Finding:~~

~~For the consumers selected, we tested personal funds for the period of _____ to determine the following:~~

- a. Consumers' personal funds ~~are were~~ not borrowed, loaned, or co-mingled by the DSN Board or another person or entity for any purpose or combined or co-mingled in any way with the DSN Board's operating funds.

~~Results/Finding:~~

- b. Consumers' checking and/or savings accounts ~~are were~~ established in the consumers' names and social security numbers, or ~~that~~ they indicated that the accounts ~~are were~~ for the benefit of the consumers (fiduciary relationship).

~~Results/Finding:~~

~~D. Withdrawals from consumers' accounts require a co-signature of the facility or program director or his or her designee, unless a waiver is on file.~~

~~Results/Finding:~~

~~E. A copy of the commercial bank signature card is on file in the consumers' permanent files.~~

~~Results/Finding:~~

~~F. — Items costing \$50 or more are purchased by check from the consumers' accounts.~~

~~Results/Finding:~~

~~G. — All sources of income for the consumers are deposited within five (5) business days of receipt to their accounts.~~

~~Results/Finding:~~

~~H. — Bank reconciliations for consumers' accounts are being performed within 20 business days of receipt of the bank statements by a staff member who is not a co-signer for the accounts.~~

~~Results/Finding:~~

~~I. — Through a representative sample of consumers' purchases, determine that receipts are on hand to support expenditures for non-incidental purchases made from the consumers' personal funds. (Purchases should be selected from the consumers' accounts in the sample for the month(s) chosen for review.)~~

~~Results/Finding:~~

~~J. — Checks are not written to "Cash."~~

~~Results/Finding:~~

~~K. — Consumers' cash on hand (consumers' cash held in the residence by staff plus cash actually held by the consumer) does not exceed \$50.~~

~~Results/Finding:~~

~~L. — Actual counts of consumers' cash held by residential staff, and agreement of the counts to the records, are done monthly by someone who does not have authority to receive or disburse cash. The count and agreement to the records must be documented in the cash records.~~

~~Results/Finding:~~

~~M. — Determine that consumers' total cash assets do not exceed the established limits mandated by Medicaid (generally: \$2,000)~~

~~Results/Finding:~~

~~c. Bank signature cards were updated timely for changes in personnel and a copy of the signature card is maintained.~~

Results/Finding:

- d. Bank reconciliations for consumers' accounts are being performed and documented within 20 business days of receipt of the bank statements by a staff member who is not a co-signer for the accounts.*

Results/Finding:

- e. Through a representative sample of consumers' purchases, determined that receipts are on hand to support purchases made from the consumers' personal funds.*

Results/Finding:

- f. Determined that the amounts paid for by the consumers were properly charged to their personal funds. Considered if amounts should have been paid by the Waiver program, from residential program funds, or if items/services purchased were proper for the consumers expending the funds.*

Results/Finding:

- g. For any item purchased that is required to be inventoried, verified that the consumers' personal property record was properly updated, and the item is properly marked in accordance with the directive.*

Results/Finding:

- h. Determined if checks written to consumers caused them to exceed their cash on hand limit.*

Results/Finding:

- i. Determined that actual counts of the consumers' cash held by residential staff, and agreement of the counts to the records, were completed monthly by someone who does not have authority to receive or disburse cash. Verified the count and agreement to the records was documented.*

Results/Finding:

- j. Determined that the consumers' total countable resources did not exceed the established limits mandated by Medicaid (generally: \$2,000).*

Results/Finding:

- k. Determined that the DSN Board has a process established to identify those with recurring excess resources and have established a plan to eliminate risk of loss*

of benefits – for example, participation in the ABLE program, participation in a special needs trust (individual or pooled), spend down of resources, establishment of burial savings accounts, establishment of prepaid burial arrangements, etc.

Results/Finding:

- l. For collective accounts, determined that the account is being managed in accordance with the Social Security Organizational Representative Payee guide.*

Results/Finding:

- m. Below is a summary of information related to management of consumer funds. (a format similar to the one below should be used to disclose this information)*

<i>Type of Program</i>	<i>Type of Account (Checking, Savings, ABLE, etc.)</i>	<i>Custodian</i>	<i>Deposit Procedure</i>	<i>Signature Requirement</i>	<i>Reconciliations Performed By</i>	<i>Account in the Name Of</i>
<i>ICF/ID</i>						
<i>CRCF</i>						
<i>CTH-II</i>						
<i>CTH-I</i>						
<i>SLP-I</i>						
<i>SLP-II</i>						
<i>SLP-III</i>						
<i>CIRS</i>						
<i>SFH</i>						
<i>Other</i>						

2. ***Direct Care Staff*** Minimum-Salary/Hourly Wage:

We gained an understanding of the requirements of paying direct care staff in accordance with the DSN Board's contract with DDSN.

~~*We determined whether or not the DSN Board was paying ALL Direct Care Staff the established minimum hourly wage in accordance with the DDSN contract.*~~

- a. We selected at least two (2) pay periods or used an alternative selection process to test proper application of the pay rate.*

Results/Finding:

- b. The timing of the pay rate increase was determined to ensure the increase was paid on the first pay date in July. Retroactivity of the pay rate is permitted. Any retroactivity was tested to ensure it was completed properly.*

Results/Finding:

- c. For any direct care staff paid less than \$13 per hour, we verified that they met the requirements that permit a lower rate be paid for a period not to exceed 90 days.***

Results/Finding:

3. Room and Board Policy:

~~***We gained an understanding of the status of the DDSN Room and Board Policy through our discussions and inquiries with management. Part of our understanding the status of DDSN Room and Board Policy was to confirm the last date DDSN approved the Room and Board Policy.***~~

~~***We determined whether or not the provider has established and implemented a Room and Board Policy for consumers' fees that has been reviewed and approved by DDSN. We determined the last date DDSN approved the Room and Board policy.***~~

Results/Finding:

We gained an understanding of the policies and controls over room and board charges.

Results/Finding:

- a. We determined that the DSN Board established a room and board policy for consumers' fees that was reviewed and approved by the Board of Directors.***

Results/Finding:

- b. We obtained the DDSN approved room and board rates utilized during the fiscal year.***

Results/Finding:

- c. We reviewed the actual charges made to consumers to ensure that they complied with the policy, including consideration of timing of application of rate changes, and that they did not exceed the approved room and board rates.***

Results/Finding:

- d. We sampled consumer move-ins and move-outs and ensured that room and board charges were properly applied.***

4. Indirect Cost Allocations and Cost Allocation Plan

We gained an understanding of the DSN Board's direct and indirect costs incurred. We obtained the cost allocation plan prepared and submitted to DDSN. Through

discussions with fiscal staff, we determined application of the cost plan to the actual accounting procedures of the DSN Board.

- a. We determined if the cost allocation plan submitted by the DSN Board is appropriate and complies with the DDSN Directive. Ensured any changes made from prior year were communicated to DDSN.*

Results/Finding:

- b. We reviewed the cost allocation plan to determine that it was updated for any changes to the basis used to allocate costs, addition or deletion intermediate cost pools, and that the cost allocations were properly completed in accordance with the plan.*

Results/Finding:

- c. We reviewed the DSN Board's general ledger to determine that the costs charged to the intermediate cost centers do not include direct program costs that were improperly reflected in intermediate cost centers.*

Results/Finding:

- d. We reviewed the existing intermediate cost pools to ensure they permit the DSN Board to properly allocate costs. For example, intermediate cost pools such as maintenance, transportation, shared facility, residential administration, nursing, quality assurance, etc. were considered.*

Results/Finding:

5. Procurement

We gained an understanding of the policies and controls over procurement.

- a. We determined that the DSN Board has established a procurement policy that was reviewed and approved by the Board of Directors.*

Results/Finding:

- b. We performed tests to determine if the DSN Board's procurement policies and procedures are in compliance with the DDSN Directive.*

Results/Finding:

- c. We determined if standards of conduct are included that require the members of the Board of Directors, Executive Director, President/CEO, persons working in the finance department, procurement staff, and staff directly reporting to the Executive Director/President/CEO to provide signed statements to disclose*

potential conflicts of interest and to acknowledge/prevent potential conflicts of interest.

Results/Finding:

d. We determined that these statements were provided and on file.

Results/Finding:

e. We sampled purchase transactions to test compliance with the DSN Board's procurement policy.

6. Key Staff Spending

We selected a representative sample of financial transactions made by or on behalf of the Executive Director and top administrative staff (i.e., travel, credit cards, personal use of agency owned vehicles, etc.). We determined if transactions were proper and any tax reporting was properly reported.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion ~~*on the DSN Board's policies and procedures over Medicaid billings and the management of consumers' personal funds and compliance with applicable laws and regulations on compliance with the specified requirements.*~~ Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of (DSN Board's name) and DDSN and is not intended to be or should not be used by anyone other than these specified parties.

[Practitioner's Signature]

[Practitioner's City and State]

[Date]